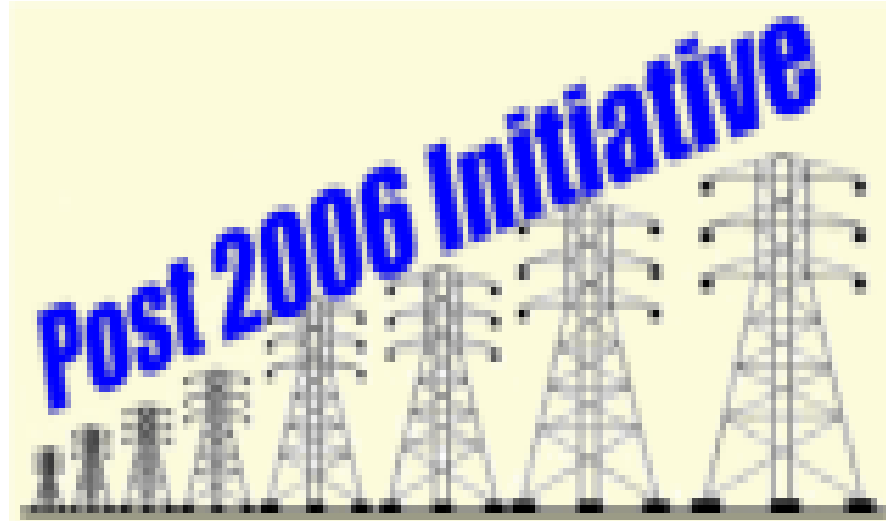


Post-2006 Initiative



**Utility Service Obligations
Working Group
Presentation to the Illinois Commerce Commission
Electric Policy Committee
15 October 2004**

Utility Services Obligations Working Group (USOWG)

- **Conveners:**
 - Katie Papadimitriu, Constellation NewEnergy
 - Mark Pera, Cook County State's Attorney's Office
- **Participating Stakeholders:**
 - Ameren
 - Citizens Utility Board
 - City of Chicago
 - Constellation NewEnergy
 - Cook County State's Attorney's Office
 - Direct Energy
 - Environmental Law & Policy Center
 - Exelon
 - Giordano and Nielan
 - Illinois Attorney General
 - Illinois Commerce Commission Staff
 - Illinois Department of Commerce and Economic Opportunity
 - Illinois Industrial Energy Consumers
 - MidAmerican Energy Company
 - Peoples Energy Services
 - Reliant Energy

USOWG: Process

- Examined electric utilities' load serving obligations in 3 contexts:
 - Identified obligations as currently enumerated in PUA.
 - Addressed whether these obligations should be continued once the transition period ends.
 - Considered what amendments, if any, to PUA were necessary to change obligations.
- Examined obligations for 3 categories of customers:
 - Residential and Small Commercial (under 15,000 kWh per annum, as defined in PUA).
 - C&I customers whose service has not been declared competitive or abandoned.
 - C&I customers whose service has been declared competitive or abandoned and who do not qualify for first category.

USOWG: Definitions (cont'd)

- **Default Service:**
 - interim supply service meant to compensate utility & provide customer with short timeframe to review and choose alternative supply options.
 - Does not include SOS or any other type of similar service.
 - Example is ComEd's current Rider ISS.
- **Standard Offer Service ("SOS"):**
 - Refers to bundled service under the PUA.

USOWG: Definitions

- Provider of Last Resort (“POLR”):
 - Residential/Small Commercial:
 - Does not and should not be applied to residential/small commercial customers.
 - Should not be used as synonymous with SOS.
 - Consensus reached regarding what POLR service is NOT.
 - Non-Competitive C&I:
 - PUA requires electric utilities to provide bundled service.
 - No consensus as to whether POLR product should be offered or whether mandatory utility bundled rate serves as POLR product.
 - Competitive or Abandoned C&I:
 - Consensus that POLR product is service provided by load serving entity (“LSE”) to customers that no other supplier will or can serve.
 - Current PUA does not assign obligation to serve these customers to any entity.

Residential & Small Commercial

- Current PUA requires utilities to provide regulated (bundled) product.
- Service obligations remain past expiration of the mandatory transition period.
- Service obligations for post-transition period should continue past expiration of transition period.
- PUA obligates utilities to serve, regardless of competitive declaration.
- If obligation placed with non-utility, that entity should be regulated as utility under PUA.
- Services should strive for price stability for power and energy component.

Non-Competitive Commercial and Industrial Customers

- Utilities retain obligation to serve until service is declared competitive or abandoned.
- Service obligations remain past expiration of the mandatory transition period if service is not declared competitive or abandoned.
- If obligation placed with non-utility, that entity should be regulated as utility under PUA.

Competitive or Abandoned Commercial and Industrial Customers

- Consensus that PUA requires utilities to offer delivery service and RTP rates.
- No consensus re: what additional products, if any, should be offered.
- No consensus re: whether utilities or any other party were or should be statutorily required to offer additional products.